

## **LOGISTICS' PLACE IN THE GLOBAL ADMINISTRATION OF THE PRODUCT'S LIFE CYCLE**

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**Abstract.** *If logistics can be considered an assembly of methods, functions, and ways used by a company with the purpose of giving clients the goods taken at a low price and in a period of time according to clients' expectations, taking into consideration the quantities settled by contract, we can say that, in a company, the logistics functionality contributes to coordination the offer by requiring the lowest costs, based on some strategic and tactics plans as well as keeping qualitative relations between suppliers and clients.*

*Logistics can be said to represent the optimization of the company's both fundamental cycles: the cycle-client (from order to delivery) and the project-cycle (from conception to use). From this point of view, this is an essential component of both the strategy and the companies' organization. Some companies in West Europe have moved or created new production plants in Centre and East Europe, mainly in the new member states of the European Union (NOKIA from Germany to Romania, RENAULT from France to Romania etc.). This is based on some detailed research on the importance that a functional logistics of industrial platforms has taking into consideration both raw materials and clients' satisfaction, who, more often than not is far from the production place.*

**Keywords:** client, distribution, performance, supplier, supply.

### **1. Introduction**

The British Encyclopedia defines logistics as „the process of planning, the unwinding and control of the flux and of the efficient stocking of goods, services and information afferent to those, from the point of origin and until the destination point with the purpose to answer to the demands of customers”.

Under the umbrella of logistics, there is not only the administration of merchandise transportation, but also a lot of labor conscriptions bound with the circuit of merchandise, from the transformation of the merchandise, the spacing out of the necessary acquisition for the production, the documents and merchandise transfer among several departments of the same company, to the service of customers' relations, the packaging of merchandise, the administration of distribution centers and of the deposits, the administration of waste materials and of returns (Teleusca, 2006: The Contribution of Supply chain Management to creating value in the modern Organization vol. IV Identity, Globalization and Universality in the Eastern and Central European Economic Area).

Logistics can be done by a department of a firm or it can be the object of a contract with a specialized logistics firm (third party logistics provider – 3 PL).

On a superior level, there are some international giants as Fed Ex, UPS, Deutsche Post or TPG (fourth party logistics providers – 4 PL) which subcontract logistical services towards 3PL and integrate the entire chain of delivery, from the seller to the buyer, in extremely large geographical areas, especially due to the high technology they have.

The globalization of the logistic industry led to the creation of virtual money markets, developed on the structure of a 4PL portal (sites which offer complete services of logistics, including the administration and the following step by step of the merchandise transportation through several countries), or developed on the vertical structure of a transportation necessity for a single industry or developed on the horizontal structure of a segment from transportation services.

At this chapter, only in Europe there are 83 money markets online for the road transport of merchandise – the majority are sites created in the Nordic countries and in Germany. As for the airway transport, the biggest money market in the world is the famous GF-X (Global Freight Exchange), whose famous stockers are British Airways, Deutsche Post, Lufthansa, and American Airlines Cargo.

## **2. The changes in the field of logistic activities**

The rules of business have changed. In today's environment, new products are launched and businesses are born every day. Customers are increasingly difficult to keep and costly to replace. Companies face intense competition from traditional powerhouses and new players, and must continue to find new revenue opportunities and increase efficiencies. Today more than ever, businesses depend on strategic relations with their customers and suppliers to create value systems that will provide a competitive edge in the market. In effect, there is a new network economy emerging where companies trade with suppliers and customers over the Internet in real time. The virtual corporation is now a reality, with companies outsourcing a wide range of functions including design, manufacturing, distribution, and others so that they can focus on their core competencies. However, ensuring a seamless, consistent customer experience requires real-time automation of inter-organizational business processes that span across trading partners. Traditional business practices, such as e-mail, faxes, and voice mail introduce delays and often require data to be re-entered multiple times. Hence, the need for dynamic business-to business integration that can automate business processes that encompass a diverse range of packaged and legacy applications and systems within the corporation and among logistics member organizations. The ability to develop these business-to-business relationships and realize their potential in the shortest possible time is critical to the long-term success of any modern business. Indeed, no business can afford not to efficiently automate business processes with trading partners.

Businesses are continually forging closer relationships with their customers. Customers expect to be informed from contact to completion of transaction, permanence, 24 hours a day. Rather than adding the costly human resources that would traditionally be required to maintain such a level of service, customers now interact directly with company information systems via automated e-mail systems, self-service Web sites, and information portals. Companies empower their customers to help themselves to their information. Not only do customers expect their interaction to be real time, but also to be personalized, with information that represents their specific history with the company.

In order to meet these demands, businesses must be able to integrate their information systems and applications with those of their suppliers and customers reliably, securely, and in a timely manner. Not surprisingly, this has led to a tremendous growth in business-to-business integration as companies look for ways to automate and accelerate their business processes and become e-businesses, responding to customer demands immediately and making changes as market opportunities shift.

E-business integration significantly improves organizational performance by supporting the key principles of business success:

- Better service and sales process;
- Faster to market with new products and services;
- Lower operational, production and inventory costs.

However, e-business also adds a significant amount of complexity (e.g. security, reliability, fault tolerance, government regulations etc.) not to mention the money and time required to integrate an organization's business applications. Companies undertake significant restructuring initiatives to be able to function in the new era of electronic commerce. Presented with a deluge of information on dotcoms, servers, business-to-business requirements, and online customer and supplier linkages, many executives are now struggling to develop a comprehensive strategy for this new market environment.

For many years, businesses have depended on Adam Smith's „invisible hand” to optimize logistics. From the silkworm farmer in China to the cloth merchant in Venice, each element of the logistics tried to optimize his individual gain by negotiating with direct suppliers to keep his costs down, and with individual customers to maximize his income. Today, we have countless examples of how managing the multiple links of a logistics can improve performance by significant amounts.

The principles of the new model are threefold:

1. The only entity that puts money into a logistics is the end customer (total logistics-supply chain management). Until the end customer decides to buy a product, the rest of us shuffle his money back and forth among logistics members;
2. The only solution that is stable over the long term is one in which every element of the logistics, from raw material to end customer, profits from the business.

It is shortsighted for businesses to believe they can solve their cost problems by punishing suppliers and customers. Shifting costs and problems without solving root causes is inherently unstable and unsuccessful over the long term. The best logistics will solve problems, implement the best solutions, and share the benefits among their members;

3. Logistics management is about economic value added. Logistics management is not just about cost. It is about the total content of a final product or service, including quality, technology, delivery, and after-sales service. If we cannot manage the total content, we will be unable to meet the needs of our customers.

To achieve these goals, logistics management strategy should be an inherent part of any corporate strategy; just as product strategy, marketing strategy, and financial strategies are elements. Managers who have been working in this area are not surprised by these developments.

Faced with the challenge of the current e-commerce-powered competitive environment, organizations now find that it is no longer enough to manage their own business but also the logistics. They must be involved in managing the network of all upstream firms that provide input (directly or indirectly), as well as the network of downstream firms responsible for delivery and after-market service of the product to the customer.

In this context, the logistics encompasses all organizations and activities associated with the flow and transformation of goods from the raw materials stage, through to the end user, as well as the associated information flows. Material and information flows both up and down the logistics. Logistics management is the integration and management of logistics organizations and activities through cooperative organizational relationships, effective business processes, and high levels of information sharing to create high-performing value systems that provide member organizations a sustainable competitive advantage. If we consider an individual firm within the context of this definition, we must include both its upstream supplier network and its downstream distribution channel. In this definition, the supply chain includes managing information systems, sourcing and procurement, production scheduling, order processing, inventory management, warehousing, customer service, and after-market disposition of packaging and materials.

The supplier network consists of all organizations that provide inputs, either directly or indirectly, to the focal firm at the same time, the supplier network may include internal divisions of the company as well as external suppliers. A given material may pass through multiple processes within multiple suppliers and divisions before being assembled into a finished product. A supplier for this company has its own set of suppliers that provide input (called second-tier suppliers) that is also part of this logistics, which are essentially a series of linked suppliers and customers; every customer is, in turn, a supplier to the next downstream organization until a finished product reaches the end user.

### 3. The purpose of logistics in the production cycle of the product

From the focal firm's perspective, the logistics- includes:

A. **Upstream suppliers.** A major part of logistics management involves upstream external logistics members. In order to manage the flow of materials among all of the upstream organizations in a logistics, firms employ an array of personnel who ensure that the right materials arrive at the right locations at the right time. The purchasing function serves as the critical interface with the upstream supplier.

Purchasing managers are responsible for ensuring that:

1. The right suppliers are selected;
2. Suppliers meet performance expectations;
3. Appropriate contractual mechanisms are used;
4. An appropriate relationship is maintained with all suppliers.

They may also be responsible for driving improvement in the supply base and acting as liaisons between suppliers and other internal members (engineering, accounting etc.). Materials managers are responsible for planning, forecasting, and scheduling material flows between suppliers in the chain. Materials managers play an important role coordinating a wide range of activities. Materials managers work closely with production schedulers to ensure that suppliers are able to deliver the materials on time to the required locations, and that they have some visibility regarding future requirements so that they can plan ahead of actual production and delivery dates.

B. **Internal functions.** A firm's internal functions include the different processes used in transforming the inputs provided by the supplier network. Order-processing managers are responsible for translating customer requirements into actual orders, which are put into the system. Order processing also may involve extensive customer interaction, including quoting prices, discussing delivery dates and other shipment requirements, and after-market service. Another important internal function is production scheduling, which translates orders into actual production tasks. This may involve working with materials requirements planning (MRP) systems, scheduling work centers, employees, capacity planning, and machine maintenance.

C. **Downstream customers.** Finally, a firm's external downstream logistics encompasses all of the downstream organizations, processes, and functions that the product passes through on its way to the end customer. The distribution network includes finished goods and pipeline inventory, warehouses, dealer network, and sales operations.

Other types of logistics may have relatively small internal logistics, but extensive downstream distribution channels. Within the downstream portion of the logistics, the logistics function is responsible for moving materials between locations. Logistics activities typically include network design, packaging, warehousing,

transportation, order processing, materials handling and finished goods inventory management.

All organizations are part of one or more logistics. Whether a company sells directly to the end customer, provides a service, manufactures a product, or extracts material from the earth, it can be characterized within the context of its logistics. Until recently, however, organizations focused on their direct customers and internal functions and placed relatively little emphasis on other organizations within their logistics network. Three major developments in global markets and technologies have brought logistics management to the forefront of executive management's attention:

1. Ever-increasing customer demands in areas of product and service cost, quality, delivery, technology, and cycle time brought about by global competition;
2. The emergence of and greater acceptance of higher-order cooperative inter-organizational relationships;
3. The information-technology.

Each of these has fostered the emergence of an integrated logistics management approach. In doing so, a new concept has emerged that of the value system.

A number of firms have significantly improved corporate performance, whether measured using return on assets, return on net assets, or return on sales as a result of their focus on cycle time. All of these firms were able to link corporate performance to several market factors. First, they were able to translate time into profits by satisfying their „impatient” customers. These customers are willing to pay a premium if they can get their goods and services very quickly. Customers will award their business to time-based competitors because doing so means that they too can reduce their inventory levels while saving time and money. In a well-managed integrated logistics, the amount of inventory held throughout the chain decreases, such that inventory is now flowing between parties in the chain with only minor delays.

There is a secondary effect for companies that achieve time-based capabilities: reduction in delivery lead time translates not only into fewer inventories, but also into less re-work, higher product quality, and less overhead throughout the logistics. Each of these improvements has a direct impact on financial performance. In many cases, these benefits are shared by all of the parties within a given logistics.

Both internal and external benefits are associated with being a time-based competitor. The external effects refer to benefits enjoyed by time-based organizations in the marketplace relative to their competitors (higher quality, quicker customer response, and technologically advanced products). The internal benefits are found within and between the different functional areas in the firm. These include more effective processes, shorter planning periods, increased responsiveness, better communication, coordination, and cooperation between functions.

These capabilities become even more important when considered on a global scale. In order to sustain growth, many organizations must increase market share on a

global basis. Simultaneously, these same organizations must vigorously defend their domestic market share from a host of world-class international competitors. To meet this challenge, managers seek ways to rapidly expand their global logistics and distribution networks in order to ship products to the customers who demand them in a dynamic and rapidly changing set of market channels. This requires strategic positioning of inventories so that the right products are available when customers (regardless of location) want them, in the right quantity and for the right price.

This leads us to the second and, perhaps most challenging aspect of effective logistics management is logistics relationships. The concept of creating value for customers is relatively well understood and the processes associated with cycle time reduction have been successfully implemented and continue to evolve in many organizations. However, without a foundation of effective organizational relationships among logistics member organizations, efforts to manage the flow of materials or information across the logistics are likely to be unsuccessful.

Of the critical activities associated with logistics management, relationship management is perhaps the most fragile and tenuous and is therefore the most susceptible to breakdown. A poor relationship at any link in the logistics can have disastrous consequences for the entire logistics. For example, an undependable source of parts can virtually cripple a plant, leading to inflated lead times, higher costs, and resultant problems across the logistics – all the way to the final customer.

To avoid such problems, organizations must develop a better understanding of their processes, as well as of their suppliers' quality and delivery performance in order to find better ways to serve their customers. To ensure a solid working relationship, communication links with customers and suppliers must be established, maintained, and used regularly. Nevertheless, many organizations continue to view suppliers and customers as adversaries who are not to be trusted and with whom long-term relationships should be avoided. This approach is reflected in the practices of the procurement and logistics functions of many organizations. These functions often have no strategic role and are viewed as merely buying or shipping materials. In many cases, materials management is considered a separate activity and personnel have little or no communication with other internal functions, suppliers, or customers. Many of these individuals want to maintain the status quo, are protective of their „turf“, and focus on individual transactions rather than on establishing and maintaining an on-going logistics relationship. Performance measures in the organizations are very often efficiency-based and rely on metrics such as „purchase orders processed per buyer“ or „euro purchased per buyer“, rather than on time-based or cost-based measures of overall logistics effectiveness. Finally, most purchasing and logistics functions have a manufacturing and supply orientation, with almost no input into critical new-product design, pipeline inventory reduction, quality improvement, information systems, or process re-engineering initiatives. Buyers and logistics managers in many organizations choose suppliers and carriers on the basis of one criterion only price.

(Note that this criterion does not include other factors that account for the total cost but rather reflects only the bottom-line price, which includes both the supplier's/carrier's cost and profit.) As such, suppliers are often played against one another, are dropped on a moment's notice, and are chosen from a large pool on an order-by-order basis. Increasingly, organizations attempt to develop closer relationships with their major customers and suppliers, and in some cases are going beyond the first tier to do so.

Given the dependence of firms on supplier performance, some organizations adopt strategies that can help faster improvement, including greater information sharing between parties and the development of „co-destiny” relationships. The latter refers to the commitment of the focal firm to using a single or dual source of supply over an extended period of time. In such cases, the focal firm makes a set of long-term strategic decisions focusing on improved supplier relationships.

Logistics member organizations must recognize that power in a broad array of channels has shifted downstream toward the customer or end-user. As the customer „calls the shots” in the marketplace, the manufacturer and the intermediaries must be nimble and quick or face the prospect of losing market share. To effectively implement integrated logistics management, however, a relationship based on mutual benefits and trust must exist. This means that downstream buyers must also be „good customers”. Major customers must provide supply partners with the information they need to meet performance expectations.

The improvement of logistics relationships occurs through a great deal of communication and problem-solving activities between organizations, including joint improvement projects, shared training programs, co-location of personnel, workshops presenting corporate plans, as well as meetings between the respective organizations personnel at all levels of the organization from top management to hourly employees. Organizations also begin to hold regular meetings of logistics councils, which include representatives from all major suppliers and customers in a logistics. Such councils can provide logistics management executives with insights regarding changes in policies, information systems and standards, and other suggestions that can remove costs from the logistics and eliminate non-value-added activities.

As the frequency of communication between customers and suppliers increases, organizations often witness an expansion in the type of information that is shared. Managers and engineers from supplying organizations may be invited to customer facilities to address possible improvements in the supplying process. Firms may share different types of production and forecasting data, including product, level and part-level material requirements planning schedules. Companies may even share cost data in order to identify non-value-added cost drivers (such as re-work, scrap, excess inventory etc.), which could be reduced through joint efforts.

The activities and strategies that must be implemented in order to successfully create integrated value systems are:



1. Process planning is the first step involves optimizing the coordination between business functions. Purchasing, operations, and distribution must have aligned business strategies, common performance metrics, and an understanding of where the organization is going. Basic processes (order fulfillment, sourcing strategies, logistics flows) must be analyzed and improved. The total business across all global units should be documented, with established commodity strategies in place for all major purchases. In addition, the fundamental network structure of suppliers and customers must be optimized (in most cases through supply base/customer base reduction). This requires that managers understand with whom they are doing business, and in some cases, requires going beyond the first tier of the logistics network.

2. Enterprise resource planning (ERP) systems are integrated business transaction processing and reporting systems that many companies have implemented in recent years. ERP software applications support the re-engineering of business processes and form the foundation for an integrated organizational value system. A basic definition of ERP is a system that tracks transactions that, in turn, trigger business processes involving organizational resources (people, materials, and technology).

Understanding the resources consumed allows an organization to leverage these resources more productively and, in theory, achieve a competitive advantage. ERP systems serve as the organization's „backbone”, providing fundamental decision-making support. ERP systems add process logic to an organizational information system and create a fundamental discipline in business processes. In the past, managers in one functional area often made decisions independent of other functional areas but ERP systems provide decision-makers with a unified view of the organization and effectively force people to interact in a single system, even if they would prefer not to! ERP systems help integrate the areas of customer order management, manufacturing planning and execution, purchasing, and financial management and accounting. ERP systems enable people in these very different parts of the business to communicate and share information with one another.

3. Collaboration with suppliers and customers is the next stage of evolution. A company must change the nature of its alignment and collaboration not only with first-tier customers and suppliers, but throughout its logistics. In the future, the best logistics will win and managers must be aware of the actions and requirements for critical customers and suppliers in the network. Accessing this information is difficult unless the scope and nature of relationships with key logistics member organizations is established and maintained. This is not to say that every relationship should (or can) be a long-term strategic alliance. However, the relative importance of the supplier/customer on value and overall logistics performance should be determined. This assessment should be a primary determinate of the type of organizational relationship that should be pursued for the organization in question. This means that one should

have a basic understanding of the performance metrics for the key logistics member, based on technology, potential for growth, and profitability. It means that the performance of key suppliers in – terms of quality, delivery, and technology should be described in financial terms that directly relate bottom-line impact. It also means that key logistics partners should be aligned with your organization's internal strategies in order to exploit their expertise and knowledge in creating value. Finally, collaborative sharing of forecasting and demand information can better help plan capacity, inventory, and human resource requirements.

4. Business-to-business integration is the final stage of deployment which involves a full commitment to deploying business-to-business applications across the logistics structure. But, jumping into business-to-business applications, before fully understanding the nature of the supply markets, customer needs, technology roadmaps, cost drivers, and internal business functional processes is a major mistake. Although many organizations jump into this technology blindly, there is a sound set of reasons for not taking this course of action.

A primary factor that companies should understand in the business-to-business environment is their relative positioning vis-à-vis business requirements. Although there are many advocates of exchanges, as well as „end-to-end applications” provided by multiple software vendors, we argue that businesses also need to understand the basic nature of the types of products and services being managed in the logistics.

A second category involves highly customized products/services that may have high technology content, yet many potential suppliers. The primary goal in such cases is to expand the role of innovation to ensure that a broader universe of qualified suppliers can provide potential solutions. Price is not the issue, so an auction is not appropriate. The real challenge is to create a forum in which the performance and design specifications can be communicated to as many qualified organizations as possible in an interactive manner and to obtain input into alternative designs that are creative and technologically superior. Because the sourcing decision may change on these types of purchases, committing to a single source and establishing an expensive set of customized systems linkages is not appropriate. Examples of such purchases are programming services, certain types of electronics, engines, pumps, certain construction materials and uniforms. In the future, this category may include utility services such as electricity.

The final set of products and services that should be considered include those items with a high technological or customized requirement, and relatively few suppliers (breakthroughs). Logistics strategies for these types of items should seek qualified suppliers and initiate strategic alliances with defined metrics, collaboration on design and order fulfillment, process improvement, supplier development, and on going sharing of risk and rewards. A variety of business-to-business applications may be appropriate with these strategic partners. For example, online customer/supplier suggestions programs, shared cost systems, and technology roadmaps can help ensure

improved communication on multiple levels between the companies from both a business and a technical perspective. Companies also explore dedicated systems that may provide a joint awareness of engineering changes, design shins, and end-of-life strategies. Examples include contract manufacturing, product and process design, construction, maintenance services, and third-party logistics.

Inventory management from a logistics perspective is no less difficult. Although inventory systems are continuously improving, the need to expedite late shipments never seems to disappear. There are always delays in shipments for a variety of reasons. Slowdowns resulting from customs when crossing international borders, adverse weather conditions, poor communication, and, of course, simple human error are inevitable. With the double-edged sword of lower inventory levels and increasing demand for improvements in fill rates and on-time delivery performance, managing inventors throughout a logistics becomes increasingly complex and demanding. Finally, establishing trust between parties in a logistics is perhaps the greatest challenge. Legal staffs may produce airtight contractual agreements that fail to include mechanisms for addressing the inevitable conflicts short of legal action. This can result in a situation where an organization may win the legal battle at a future point in time but be eliminated from the marketplace in the interim. Conflict management in inter-organizational relationships becomes an increasingly difficult task. The fragile bond of trust, once broken, becomes extremely difficult to repair and some logistics relationships eventually break under the strain.

#### **4. A few particularities in the logistics in Romania**

The Romanian transporters use the foreign money markets. Closer to us, offers and demands of road transportation for Europe and Asia can be formulated and consulted in virtual money market. The virtual market in logistics has not been institutionally created in Romania. The possibilities offered both by the growing demand of transport capacities and by the diversification of the offer can provide important reserves of getting a profit and of the fluidization of merchandise circulation. Research is done in order to reunite the Balkanian interests in road transportation, but lab experiments must be quickly surpassed with the purpose of using expedition and transportation firms. For the time being, in lack of a Romanian money market, transporters must consult the foreign ones in order to look for clients and close deals with them.

The creator of an experimental site for the Romanian Money Market of Logistics sustains that an explanation of the lack of that money market could be „the restrained cover on the internet in the transportation companies, the majority don't even have an email.” About the concept of virtual money market, he adds that the majority of money markets online in Romania are dedicated to the individual users, being more systems of auction than money markets as they should be.

The creator of the experimental site must consider the professional necessity and also the Balkanian subsidiary of an international firm which has as activity the production, the marketing and the distribution of products of ample consumption. A professional site is needed, which to present more offers of transportation, from several sources and to several destinations in order to make a plan which could be approved by the department manager. The creator of this site wanted to use it as an alternative of easy publicity to the Romanian firms of logistics and logistic services.

In Romania, there is interest in the creation of logistics bases which to be able to resolve both the necessities of great chains of stores and of important producers which have built their own production and distribution centers on the Romanian market with their production destined to foreign markets. In this respect, the field of the automobiles is merely the first which requires a logistics organization both through the two already made investments Renault in Pitesti with a production of more than 200.000 products a year and Ford in Craiova, with an estimated production of 300.000 products a year. If we take into consideration the locations of the two companies, we can notice that logistics must solve both the problems of supply with spare parts and materials and the problem of transportation of automobiles towards the centers of distribution. The particularities of logistics start from multiple possibilities of transport: on the road, railroad and river.

Easy calculus determines extreme results of profitability by choosing the combined means of transportation. Thus, Ford, situated in Craiova, has the possibility to transport automobiles to the greatest harbor Constanta, The Black Sea -500km- by lorry or railroad. The differences of costs are:

- lorry transport: Craiova-Constanta 600 euro/lorry = approx. 100 euro per car;
- railroad: 70 euro per car.

As an alternative, transportation can also be done choosing the Danube, under the following conditions:

- the distance Craiova-Calafat (Danube harbor): 100 km of railroad:14 euro per car;
- the operation of loading/unloading: 2 euro per car;
- Calafat-Constanta – using the Danube transportation: 15 euro per car;
- The unloading from the ship in Constanta harbor: 1,5 euro per car;
- Total 32, 5 euro.

We can easily notice that by using a logistics system which to consider the Danube transportation may bring a growth of efficiency by 53%. The demonstration above supports the use of some logistic policies which to create the growth of transport fluidity, a decrease of costs, a growth of transported goods' security and integrity. It is encouraging to see the creation of many logistic deposits all over Romania, with a greater density in the areas with high traffic now and in future. Logistic firms consider that the building of highways is of a great importance.

Thus, logistics problems, the weak infrastructure and the geographical position make Romania seem less attractive to the important automobile producers as compared to the centre European countries. This idea is also supported by Emmanuel Bulle, of the senior directors of Fitch. He stated that logistics problems are the first reason why Romania is less attractive for automobile producers than Slovakia or the Check Republic, which are closer to east-European markets, the main clients of auto industry. In future, part of the disadvantages of Romania may be compensated by Dacia, which is extending its production and by the plant in Craiova, which has been recently purchased by Ford. These plants may have better export on the European market in future.

As a consequence of the opportunities offered by the developing Romanian market, Central Eastern Europe team of GE Real Estate and Helios Phoenix are to start the construction of six logistics parks, with a total of 315.000 square meters in the main cities in Romania. (Mediafax) According to DTZ Echinox Consulting, logistics and distribution centers will be located close to highways, main ways of transport and airports. These investments are done as an answer to the request that such proprieties should exist on the Romanian market. The six parks „Olimpian Parks” will be built in Bucharest, Timisoara, Constanta, Brasov, Cluj and Oradea. The construction of the first three – in Brasov, Bucuresti (Chiajna and Timisoara) will start in the second trimester of 2008 and the ones in Cluj, Constanta and Oradea will start in the third trimester of 2008.

In order to encourage such initiatives of logistic base development in accordance with the requests of environment protection, Romania signed the participation in the Marco Polo program in virtue of the Memorandum of accord with the European Union on the 28<sup>th</sup> of October 2005. Marco Polo (EC No 1382/2003 of the Parliament and European Council) focuses on the improvement of environment protection performances through the system of goods transportation in order to promote the Inter-modal Transport. The policy of combined transportation (operations of goods transportation by railroad, national rivers or seas) has encouraged the replacement of road goods transportation with the railroad, national rivers and, recently, with the sea transport on small distances).

Transports and logistics play, thus, an essential part in the process of the supply and products' distribution chain. We should not neglect the fact that nowadays no transport or logistics company can be efficient without a reliable information technology and data communication support.

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